

STATE CORPORATION COMMISSION

AT RICHMOND, OCTOBER 2, 2008

APPLICATION OF

LAW 001 -2 P 3: 52

APPALACHIAN POWER COMPANY

CASE NO. PUE-2008-00079

For a certificate of public convenience and
necessity for facilities in Montgomery and Roanoke
Counties: Matt Funk 138 kV Transmission Line Project

ORDER FOR NOTICE AND HEARING

On August 18, 2008, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") its Application for Approval and Certification of Electrical Transmission Lines: Matt Funk 138 kV Transmission Line Project (hereinafter "Application"). Prepared testimony, exhibits, copies of correspondence, and other material were included with the Application. The Company seeks Commission approval and a certificate of public convenience and necessity for two transmission facilities. Appalachian proposes to construct a double-circuit 138 kV transmission line between its existing Matt Funk Substation and its existing Roanoke-Claytor 138 kV transmission line. In addition, Appalachian proposes a 138 kV bus tie that would connect the existing 138 kV yard and the existing 345 kV yard at the Matt Funk Substation. (Application at 1-2.)

According to the Company's Response to Guidelines, which accompanied the Application at 1-2, construction of the proposed transmission line and bus extension, along with installation of an additional transformer at the Matt Funk Substation, are required to avoid possible overloading of other facilities. These overloads could jeopardize service to over 900 MW of Roanoke area load. A possible cascading failure could affect a widespread area with over 2500 MW of load. The Company proposes to put the additional facilities in service in 2011. (Response to Guidelines at 8.)

The Company's preferred route for the 138 kV transmission line would extend for approximately 4.5 miles in Roanoke County. An alternative route would extend for approximately 5.8 miles in Roanoke and Montgomery Counties. Both the preferred and alternate routes would require new rights-of-way with a width of approximately 100 feet. (Response to Guidelines at 10.)

The bus tie, which would connect the 138 kV and 345 kV yards at the Matt Funk Substation, would extend for approximately 0.5 mile on land owned by the Company. No additional right-of-way would be required for the bus tie. (*Id.*) A description of the routes appears in the public notice prescribed in Ordering Paragraph (16) of this Order.

As provided by § 62.1-44.15:21 D of the Code of Virginia (hereinafter "Code"), the Commission and the State Water Control Board must consult on wetland impacts prior to the siting of electric utility facilities that require a certificate of public convenience and necessity. Acting on behalf of the State Water Control Board, the Department of Environmental Quality must prepare a Wetland Impacts Consultation for this project as required by the Code and by Sections 2 and 3 of the Department of Environmental Quality-State Corporation Commission Memorandum of Agreement (July 2003).¹ The Office of Wetlands & Water Protection, Department of Environmental Quality, has provided to the Commission Staff the Wetland Impacts Consultation for the transmission project.²

¹ Order Distributing Memorandum of Agreement of July 30, 2003, in In the Matter of Receiving Comments on a Draft Memorandum of Agreement between the State Water Control Board and the State Corporation Commission, Case No. PUE-2003-00114 (available at www.scc.virginia.gov/case, Docket Search Case No. PUE-2003-00114).

² Letter from David L. Davis, Department of Environmental Quality, of May 14, 2008, to Wayne N. Smith, State Corporation Commission, filed in Case No. PUE-2008-00079; letter from David L. Davis, Department of Environmental Quality, of June 30, 2008, to Wayne N. Smith, State Corporation Commission, filed in Case No. PUE-2008-00079.

In addition to the wetlands impact consultation, the Commission Staff has requested the Department of Environmental Quality to coordinate an environmental review of this Application by the appropriate agencies and to provide a report on the review.³

The Commission finds that the Company's Application has been filed in accordance with the State Corporation Commission Rules of Practice and Procedure (hereinafter "SCC Rules of Practice"), 5 VAC 5-20-10 et seq. Digital geographic information system maps showing the locations of the proposed and alternate routes and additional preliminary information have been provided to the Commission. Accordingly, the Commission finds that this matter may be docketed and notice may be given as provided by § 56-46.1 B of the Code.

The Commission will set this matter for hearing before a hearing examiner. We will also direct the Commission Staff to investigate the Application and submit testimony and exhibits on the results of its investigation.

Accordingly, IT IS ORDERED THAT:

(1) As provided by §§ 56-46.1, 56-265.2, and related provisions of Title 56 of the Code, this matter be docketed as Case No. PUE-2008-00079 and that all associated papers be filed therein.

(2) A public hearing on the application shall be held at 10:00 a.m. on February 25, 2009, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Staff.

³ Letter from Wayne N. Smith, State Corporation Commission, of August 21, 2008, to Michael P. Murphy, Director, Division of Environmental Enhancement, Department of Environmental Quality, filed in Case No. PUE-2008-00079.

(3) As provided by § 12.1-31 of the Code and SCC Rules of Practice, 5 VAC 5-20-120, Procedure before Hearing Examiners, a hearing examiner shall be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(4) As provided by SCC Rules of Practice, 5 VAC 5-20-80 C, Public witnesses, written comments on the Application may be filed by February 18, 2009, by either of the following methods:

A. Comments may be submitted in writing to the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Diskettes, compact disks, or any other form of electronic storage medium may not be filed with comments. All correspondence shall refer to Case No. PUE-2008-00079.

Or

B. Comments may be submitted electronically by following the instructions available at the Commission's website: www.scc.virginia.gov/case.

(5) On or before December 1, 2008, any person or entity may file with the Clerk of the Commission, at the mailing address provided in Ordering Paragraph (4) A, an original and fifteen (15) copies of a notice of participation as a respondent as required by SCC Rules of Practice, 5 VAC 5-20-80 B, Participation as a respondent. A copy shall simultaneously be served on counsel to the Company, H. Allen Glover, Jr., Esquire, Woods Rogers PLC, P.O. Box 14125, Roanoke, Virginia 24038-4125. The notice of participation shall be filed and served as required by the SCC Rules of Practice, 5 VAC 5-20-140, Filing and service, and 5 VAC 5-20-150, Copies and format. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by the SCC Rules of Practice, 5 VAC 5-20-30, Counsel.

(6) Within five (5) business days of receipt of a notice of participation as a respondent, filed as provided by Ordering Paragraph (5) above, the Company shall serve upon the respondent a copy of this Order and a copy of the Application, supporting attachments, and prepared testimony and exhibits filed on August 18, 2008, unless these materials were previously provided to the respondent.

(7) On or before December 22, 2008, any respondent may file with the Clerk of the Commission an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on the Company, the Commission Staff and all other parties in this case. Respondents shall comply with SCC Rules of Practice, 5 VAC 5-20-140, Filing and service; 5 VAC 5-20-150, Copies and format; and 5 VAC 5-20-240, Prepared testimony and exhibits.

(8) As provided by the SCC Rules of Practice, 5 VAC 5-20-80 D, Commission staff, the Staff shall participate in this proceeding and conduct an investigation of the Company's Application. On or before January 16, 2009, the Staff shall file with the Clerk of the Commission a report, exhibits, and any testimony it intends to present at the hearing.

(9) On or before February 6, 2009, the Company may file with the Clerk of the Commission an original and fifteen (15) copies of any rebuttal testimony and exhibits that it expects to offer and shall serve a copy on all parties and the Staff.

(10) On or before October 13, 2008, the Company shall serve a copy of this Order and a copy of the sketch map appearing as Exhibit 2 in Volume 2 of 2, Exhibits, Attachments, Map, filed on August 18, 2008, on the chairman of the Board of Supervisors of Roanoke and Montgomery Counties. Service may be made by first-class mail or delivery to the customary place of business or residence of the person served.

(11) On or before November 9, 2008, the Company shall cause to be sent by first-class mail a copy of the notice and sketch map prescribed in Ordering Paragraph (12) below of this Order to all owners of property within the proposed routes and alternative routes as indicated on the map or sketch of the route filed with the Commission, which requirement shall be satisfied by mailing the notice to such persons at such addresses as are indicated in the land books maintained by the commissioner of revenue, director of finance, treasurer, or other officer of the county or municipality designated as provided by § 58.1-3100 of the Code.

(12) On or before November 9, 2008, the Company shall publish for two (2) successive weeks the following notice and a copy of the sketch map appearing as Exhibit 2 in Volume 2 of 2, Exhibits, Attachments, Map, filed on August 18, 2008, as display advertising (not classified) in a newspaper or newspapers of general circulation in Roanoke and Montgomery Counties.

NOTICE TO THE PUBLIC OF AN APPLICATION BY
APPALACHIAN POWER COMPANY
FOR APPROVAL OF TRANSMISSION LINES
IN ROANOKE AND MONTGOMERY COUNTIES

CASE NO. PUE-2008-00079

On August 18, 2008, Appalachian Power Company ("Appalachian" or "Company") filed with the State Corporation Commission ("Commission") its Application for Approval and Certification of Electrical Transmission Lines: Matt Funk 138 kV Transmission Line Project. The Company seeks Commission approval and a certificate of public convenience and necessity for two transmission projects. Appalachian proposes a double circuit 138 kV transmission line between its existing Matt Funk Substation and its existing Roanoke-Claytor 138 kV transmission line. In addition, Appalachian proposes a 138 kV bus tie that would connect the existing 138 kV yard and the existing 345 kV yard at the Matt Funk Substation. According to the Company, construction of the proposed transmission line and bus extension and installation of an additional transformer are required to avoid

possibly overloading other facilities. These overloads could jeopardize service to over 900 MW of Roanoke area load.

The Company's preferred route for the 138 kV transmission line would extend for approximately 4.5 miles in Roanoke County. An alternative route would extend for approximately 5.8 miles in Roanoke and Montgomery Counties. Both the preferred and alternate routes would require new rights-of-way with a width of approximately 100 feet.

The bus tie, which would connect the 138 kV and 345 kV yards at the Matt Funk Substation, would extend for approximately 0.5 mile on land owned by the Company. No additional right-of-way would be required for the bus extension.

A description of the proposed routes follows:

The proposed transmission line would utilize lattice steel towers approximately 125 feet in height. The preferred corridor is located in Roanoke County and is a total length of 4.5 miles. The corridor begins at the existing Matt Funk 138 kV Substation, located one mile south of Dixie Caverns and approximately 3.5 miles east of Elliston. The corridor exits the substation, paralleling the western side of the existing Matt Funk Loop 138 kV transmission line, runs southward for 0.2 mile until it crosses Dry Hollow Road, begins to ascend Poor Mountain for approximately 2.6 miles until it reaches the ridge, crosses the ridge and Poor Mountain Road, descends Poor Mountain for 1.2 miles where it crosses Willett Lane, and continues descending southward on Bent Mountain for 0.5 mile where it connects with the existing Roanoke-Claytor 138 kV transmission line (Tower No. 40-53) near Poor Mountain Road (Route 612) and 2.5 miles north of the community of Bent Mountain.

The viable alternative corridor is located in Roanoke and Montgomery Counties and is 5.8 miles in length. The corridor begins at the existing Matt Funk 138 kV substation and runs westward for 0.1 mile across a wooded area within the substation property, turns southward for 1.2 miles crossing a mostly wooded area to the east

of Spring Hollow Reservoir and west of Camp Roanoke, turns southwestward for 1.2 miles and begins to ascend a forested area on the north slope of Poor Mountain, turns southward, enters Montgomery County and begins paralleling the eastern side of the existing Jacksons Ferry-Cloverdale 765 kV transmission line for 2.6 miles, across a very rugged and steep portion of Poor Mountain, stops paralleling the existing transmission line and turns in a more southward direction for 0.7 mile until it connects with the existing Roanoke-Claytor 138 kV transmission line (Tower 45-70) approximately two miles southeast of Shawsville.

The proposed bus tie would utilize steel H-Frame structures approximately 125 feet in height. The bus tie corridor extends for approximately 0.5 mile between the existing Matt Funk 138 kV and 345 kV yards, located entirely on Company property, and is parallel to the eastern side of an existing bus tie line.

All distances and directions are approximate. A sketch map of the proposed route accompanies this notice. The Commission may consider and approve a route not significantly different from the route described in this notice without additional notice to the public.

The Company's Application, Commission Orders, and all documents filed in Case No. PUE-2008-00079 may be inspected in the Commission's Document Control Center, Office of the Clerk of the Commission, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, during Commission business hours. The Application, the unofficial text of the Commission's Orders, and other materials in Case No. PUE-2008-00079 may be viewed at the Commission's website: www.scc.virginia.gov/case by clicking "Docket Search." A digital geographic information system (GIS) map showing the location of the proposed and alternate routes may be viewed on the Commission's website: www.scc.virginia.gov/pue/elec/transline.aspx.

Copies of the Application and additional materials filed on August 18, 2008, and the Commission's Order for Notice and Hearing may be inspected during regular business hours at the following locations:

Roanoke County Library - Bent Mountain Branch
10148 Tinsley Lane
Bent Mountain, VA 24059
(540) 929-4700

Roanoke County Library - Glenvar Branch
3917 Daugherty Road
Salem, VA 24153
(540) 387-6163

A public hearing on the Application shall be held at 10:00 a.m. on February 25, 2009, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive the testimony of public witnesses and the evidence of the Company, any respondents, and the Staff. Any person desiring to make a statement at the public hearing should appear at the hearing fifteen (15) minutes before the starting time on the day of the hearing and contact the Commission's Bailiff.

Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

Comments may be submitted in writing, on or before February 18, 2009, to the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Diskettes, compact disks, or any other form of electronic storage medium may not be filed with comments. All correspondence shall refer to Case No. PUE-2008-00079.

Or

Comments may be submitted electronically, on or before February 18, 2009, by following the instructions available at the Commission's website: www.scc.virginia.gov/case and clicking "Public Comments/Notices." Persons commenting electronically need not file comments in writing with the Clerk.

On or before December 1, 2008, any person or entity may file with the Clerk of the Commission, at the mailing address provided in Ordering Paragraph (4) A, an original and fifteen (15) copies of a notice of participation as a respondent as required by the Commission's Rules of Practice and Procedure ("SCC Rules of Practice"), 5 VAC 5-20-80 B, Participation as a respondent. A

copy shall simultaneously be served on counsel to the Company, H. Allen Glover, Jr., Esquire, Woods Rogers PLC, P.O. Box 14125, Roanoke, Virginia 24038-4125. The notice of participation shall be filed and served as required by the SCC Rules of Practice, 5 VAC 5-20-140, Filing and service, and 5 VAC 5-20-150, Copies and format. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by the SCC Rules of Practice, 5 VAC 5-20-30, Counsel.

On or before December 22, 2008, each respondent may file with the Clerk of the Commission an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and serve a copy of the testimony and exhibits on all other parties in this case. Respondents shall comply with the SCC Rules of Practice, 5 VAC 5-20-140, Filing and service, 5 VAC 5-20-150, Copies and format, and 5 VAC 5-20-240, Prepared testimony and exhibits.

The SCC's Rules of Practice, the Commission's Order for Notice and Hearing, and other information may be viewed at www.scc.virginia.gov/case.

(13) On or before October 20, 2008, the Company shall file with the Commission Clerk a certificate of the mailing notice to the officials described in Ordering Paragraph (10), which shall include the name and address of the officials served.

(14) On or before December 9, 2008, the Company shall file with the Commission Clerk a certificate of the mailing of the notice to owners of property prescribed by Ordering Paragraph (11). The certificate shall not include the names and addresses of the owners of property served, but the Company shall maintain a record of this information.

(15) On or before December 9, 2008, the Company shall file with the Commission Clerk proof of the newspaper publication directed by Ordering Paragraph (12).

(16) Appalachian shall respond to written interrogatories or data requests with fourteen (14) calendar days after receipt of same. Except as modified, discovery shall be in accordance with the SCC Rules of Practice.

(17) This matter is continued for further Order of the Commission.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to: H. Allen Glover, Jr., Esquire, Woods Rogers PLC, P.O. Box 14125, Roanoke, Virginia 24038-4125; and the Commission's Office of General Counsel and Division of Energy Regulation.